

**Introduced by Senator Strickland**

February 27, 2009

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An act to add Section 74.8 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 534, as amended, Strickland. Property tax: new construction exclusion: small wind turbines and geothermal heat pump systems.

(1) The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred.

This bill would provide that the classification as "newly constructed" for purposes of these constitutional provisions does not include the construction or addition, on or after January 1, 2010, of a small wind turbine, *as defined*, or geothermal heat pump system, *as defined*.

(2) By imposing new duties on county assessors, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(3) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

(4) This bill would take effect immediately as a tax levy, but would become operative only if Senate Constitutional Amendment \_\_\_\_\_ 13 of the 2009–10 Regular Session is approved by the voters.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 74.8 is added to the Revenue and Taxation  
2 Code, to read:

3 74.8. (a) Pursuant to the authority granted to the Legislature  
4 pursuant to paragraph (6) of subdivision (c) of Section 2 of Article  
5 XIII A of the California Constitution, the term “newly constructed,”  
6 as used in subdivision (a) of Section 2 of Article XIII A of the  
7 California Constitution, does not include the construction or  
8 addition, on or after January 1, 2010, of a small wind turbine or  
9 geothermal heat pump system.

10 (b) *For purposes of this section:*

11 (1) “Geothermal heat pump system” means a system that uses  
12 the constant temperature of the earth as the exchange medium for  
13 energy instead of the outside air temperature.

14 (2) “Small wind turbine” means a turbine that spins on top of  
15 a tower to turn the wind into usable electricity rated at a maximum  
16 of 15 kilowatts.

17 SEC. 2. If the Commission on State Mandates determines that  
18 this act contains costs mandated by the state, reimbursement to  
19 local agencies and school districts for those costs shall be made  
20 pursuant to Part 7 (commencing with Section 17500) of Division  
21 4 of Title 2 of the Government Code.

22 SEC. 3. Notwithstanding Section 2229 of the Revenue and  
23 Taxation Code, no appropriation is made by this act and the state

1 shall not reimburse any local agency for any property tax revenues  
2 lost by it pursuant to this act.  
3 SEC. 4. This act provides for a tax levy within the meaning of  
4 Article IV of the Constitution and shall go into immediate effect.  
5 However, the provisions of this act shall become operative only  
6 if Senate Constitutional Amendment\_\_\_\_\_ 13 of the 2009–10  
7 Regular Session is approved by the voters and, in that event, shall  
8 become operative on January 1, 2010.

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